

Document No. 4
Approved For Release 2002/01/07 : CIA-RDP78-04718A002700120002-9
No Change in Class. ☐
☐ Declassified
Class. Changed to: TS (C)
Next Review Date: 1989
Auth: M 70-3
Date: 29 JAN 1979 By: 57

TS-23128

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9 February 1949

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: "Dulles Committee" Report

- REFERENCES: (1) Extracts from the committee report (Encl #1)
(2) 1948 Personnel Losses in Senior Grades (Encl #2)
(3) CIA Organization and Functions Recommended by Committee (Encl #3)
(4) Current CIA Organization and Functions (Encl #4)

1. a. When the Dulles Committee made its initial visit to CIA they were briefed by me in one session on the general overall organization and functions of CIA. Similar briefing was given to a portion of the staff group [REDACTED] shortly thereafter. I saw [REDACTED] once for five minutes and did not see [REDACTED] any time.

b. After these briefings I had virtually no contact with either the committee or its staff, and was at no time queried, either specifically or generally, about our administrative arrangements.

c. At no time during the survey did any member of the committee or its staff examine any part of our administrative organization, or make any effort to ascertain whether there may have been at least some reasonable basis for it.

2. Administrative references in the Dulles Committee report are quoted in Enclosure #1. With the exception of the favorable comment on budget arrangements the general tenor of the report, insofar as administration is concerned, is reflected in the quoted comments which follow, with reply to each.

3. "The principle defect of the CIA is that its * * * *, administrative organization and performance do not show sufficient appreciation of the Agency's assigned functions."

a. The development of our organization and functions has been based on a policy of centralization of specific responsibilities in single offices and the coordinated work of the offices as a team, each concentrating in its own field and looking to the others for support from other fields. Only in this manner can we avoid the confusion, duplication of effort, inefficiency, and major frictions which always attend a situation wherein every component tries to be self-sufficient and attempts to do the same things, at the same time, in the same sphere, and in constant competition.

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b. Our organizational policy has resulted in the centralized groupings shown below:

(1) Research, evaluation and production, and coordination in those fields:

Office of Reports and Estimates (except science)
Office of Scientific Intelligence

(2) Collection and liaison control, dissemination, liaison service, and information service, and coordination in these fields:

Office of Collection and Dissemination

(3) Overt field collection:

Office of Operations

(4) Covert field collection and counter-espionage:

Office of Special Operations

(5) Covert field operations:

Office of Policy Coordination

c. Except for ICAPS and the covert support problem, there is no specific criticism of the administrative and staff organizational structure contained in the committee report.

d. Comparative organizational charts showing broad functions are attached as Enclosures #3 and #4. It should be apparent that "change for the sake of change" is reflected in the committee report, and that the recommended reorganization would result in considerable duplication and operational confusion, with resulting frictions among its components and externally.

e. The several references to policy direction from IAC agencies contained in the report are contradictory to other portions of the report, in which a strong directing hand is recommended for the Director in his dealings with those agencies.

4. "There is one overall point to be made with respect to the administration of the CIA. The organization is over-administered in the sense that administrative considerations have been allowed to guide, and on occasion, even control intelligence policy to the detriment of the latter. Under arrangements proposed in this report, the heads of the newly constituted Coordination, Estimates, Research and Reports, and Operations Divisions would be included in the immediate

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staff of the Director. In this way the Director, who at present relies chiefly on his administrative staff, would be brought into intimate contact with day-to-day operations of his agency and be able to give policy guidance to them."

a. The administration of CIA has been developed on the following pattern:

(1) Budget, Personnel, and other support services are essential to any operation, and are established in separate staff offices to serve all components of the Agency.

(2) A small, restricted Management staff has been established to advise the components of CIA on their organizational, functional, personnel, and procedural needs, and to be of every possible assistance in aiding those components to meet their day-to-day problems within budget restrictions and policy limitations. This service has paid for itself many times over, and appears to be rather generally accepted by our people as being helpful and necessary. As an example, [REDACTED] recently informed me that the Management Officer provided outstanding service to him in assisting in setting up the Scientific Office.

(3) Control procedures are restricted to keeping within budget requirements, Projects Review Committee recommendations to the Director, insuring that illegal transactions are not permitted, avoiding waste and duplication in expenditures or obligation of funds, and maintenance of certain standards required by our security policies, the Civil Service Commission, Bureau of the Budget, General Accounting Office, etc. No agency, regardless of its nature, which is dependent on government funds appropriated by Congress can possibly avoid such administrative controls.

(4) Administrative actions policy-wise are restricted to those essential to implementation of the Director's announced policies and insuring, when necessary, that such policies are not violated.

b. Administration has advised on policy matters and should continue to do so, particularly in the determination of ability to support operational proposals, and in connection with achieving greater efficiency in utilizing the means available to us for operations. Administration has no voice in determining the substance of operational direction, guidance, and production, nor should it have.

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c. Former Assistant Directors have indicated personally to me on various occasions a considerable resentment against any administrative limitations on their activities. Their stand was that they should be given a lump sum for their annual operational requirements and given complete latitude in both administration and operations within such overall amounts, including numbers and grades of personnel, travel authorities, new projects, external contacts and arrangements, etc. That a chaotic condition would result from such an arrangement is apparent without discussion.

d. There is a never-ending argument on the merits of staff versus command, and administration versus operations. The commander (or operational official) continually insists that the staff (or administrative officials) hinder, restrict, interfere with, attempt to control, or otherwise act adversely on his operations and never understand or sympathize with his problems. The staff officer (or administrator), faced with overall considerations of policy, availability of funds or other support facilities, legal restrictions, coordinating responsibility, protection of his official superiors against justifiable criticism for loose or incompetent carrying out of their overall management responsibilities, etc., etc., is always the unpopular buffer and empire builder who blocks everyone's progress. Having been both commander and staff officer I can understand both points of view. There really isn't any answer to this sort of criticism which will altogether satisfy the operational people except a continual "yes" to everything they want. I believe, however, that a friendly understanding has been developed with Assistant Directors which is resulting in little friction and smooth relationships.

e. "The powers given to the National Security Council and the CIA under Section 102 of the Act establish, in our opinion, the framework of a sound intelligence service for this country. Accordingly we do not suggest any amendments to the Act and believe it would be unwise to tamper with this legislation until we have had further experience in operating under it."

a. There has been no intention on the part of the Agency to "tamper with" the National Security Act of 1947, and no such recommendations have been made or are planned. However, the separate legislation we are proposing is essential to our day-to-day operating needs, and is badly needed to carry out our commitments to other agencies to obtain legal authority for certain of our actions which are not actually supported by law.

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6. "Administrative arrangements which do not at first appear to be efficient or economical may be necessary in the CIA. Personnel requirements for certain types of work cannot conform to normal civil service standards, and the demands of security often impose special and unusual procedures. This situation must be understood not only by those responsible for the internal organization of the CIA but also by Congress and the Bureau of the Budget."

"The centralization of all administration in one office is undesirable since secret operations require their own separate administration."

a. The committee report seems to indicate undue emphasis and alarm in connection with complete autonomy for covert components of CIA. There has to be an umpire someplace and it should not be necessary for the Director or his Deputy personally to adjudicate administrative problems. Neither should anyone directly responsible for operations be his own final authority and judge in the utilization of funds and personnel.

b. Security is adequately served through the physical segregation of covert administrative branches and the establishment of direct channels both to covert operational officials and to the responsible administrator who is the third senior official in the Agency. Covert and overt support activities are not intermingled, but single administrative chiefs over both phases insures adequate mutual support and minimizes duplication. We saved over 60 positions by our new organizational approach, and so far we have had no complaints. In some respects we have actually effected admitted improvements, and more will follow. From a strict security point of view, there will be better security than before because of not pointing up autonomous separate support functions in a single agency.

c. It is all very well for a survey group with no responsibility or authority to state that both Congress and the Budget Bureau must understand that we must be given, in effect, a blank check and a free hand. In practice we must justify our demands with some reason and logic, and must somehow reassure both of those bodies that we are at least somewhat careful with government funds and do our best to guard against waste and fraud. This is becoming increasingly necessary as we approach some stabilization, and also in view of the growing emphasis on the responsibility of Department and Agency heads for good management practices.

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7. "The charge is sometimes made that there are too many administrative personnel and that the CIA organization is top-heavy in this respect. The Executive for ADM and the Executive for I&S together represent a large number of personnel totaling over [REDACTED]. This figure does not include personnel performing administrative functions in other parts of the organization. However, regardless of the criticism directed against numbers, criticism should be properly directed against policies and procedures."

a. We may have too many administrative personnel. It will be awhile yet before we can be reasonably certain. However, we are daily reexamining our requirements in this respect and are making constant progress in streamlining and cutting out duplication and loose ends. On the other hand, we are meeting constantly increasing demands for more and better support service, and we must keep up with them. Until we complete our buildup and know better what load will evolve from OPC, we won't be able to make a final determination on definite numbers needed although we are not increasing them and have made some recent reductions.

b. Lumping security strength with other administrative support strength creates an unwarranted exaggeration. Security is a distinctly separate and inescapable problem. However, our security force has been constantly streamlined, and strong personnel control by I&S has kept its requirements to a minimum.

c. In connection with this subject, the committee has used the term "the charge is sometimes made etc.," and "regardless of criticism against numbers". Similar expressions are also employed elsewhere in the report. No indication of the source of charges or criticism is anywhere indicated. Unsupported statements of this nature should bear no weight in any critical analysis.

8. "Many able persons have left the organization and few qualified ones have been attracted to it. On the higher levels, quality is uneven and there are few persons who are outstanding in intelligence work."

a. The statement that many able persons have left the organization and few qualified ones have been attracted to it has no basis in fact. There was a total loss of 20 individuals in the top three grades of employees during the calendar year 1948. An analysis of reasons for leaving and situation with respect to replacements is attached as Enclosure #2.

b. The charge that few persons outstanding in intelligence work are on the higher levels would be difficult to sustain. Reputations based on personal publicity are not necessarily sound, and some credit must be given to the wealth of background and experience gained by one, two, or three years' actually working, anonymously it is true, with the practical problems of intelligence in CIA. The only competent judicial basis is the results attained

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by the Agency and their benefit to the President and other national policy makers, and our progress in providing central services for all intelligence agencies.

9. "The placing in key positions of a large percentage of military personnel, many of them on relatively short 'tour of duty' assignment, tends to discourage competent civilian personnel from looking to employment in the CIA as a career."

a. There are very few military personnel in key positions in CIA, and the number is constantly decreasing.

b. Only one of the six Assistant Directors is a military man.

c. Four of the six Deputy Assistant Directors are military men, and this is considered reasonable and justifiable in the light of our coordinating mission.

d. Except for one ORE Branch Chief (FE) all of our branch chiefs are civilians.

e. Three of the senior staff positions are held by military personnel, but this fact is strictly fortuitous due to lack at time of their appointments of competent civilians for the positions. Each of these staff officers now has a competent civilian deputy who will possibly in time succeed to the senior positions.

f. A total of [redacted] military personnel are assigned to CIA in departmental positions, or [redacted] of its current departmental strength. It is anticipated that this will be reduced to approximately 1.5 per cent as we complete our buildup. In over half of these cases no civilian positions have been established for the duties being performed, and none will be established in such cases as they are essential only if occupied by military personnel.

g. As a senior career civilian official of CIA, I have not found that a military Director is a handicap in any way. On the other hand, the Agency has been administered fairly and objectively and major emphasis placed on securing the best career conditions for civilians. If there has been any emphasis on military personnel, it has been in the direction of reducing the numbers in senior positions.

10. "Arrangements exist for the assignment of headquarters personnel to the field, and vice versa, although a comprehensive program for rotation of personnel has not yet been worked out."

a. A specific program of rotation of personnel to and from field stations has been prepared since the Executive assumed responsibility for all administrative support functions, and is ready for active implementation.

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